

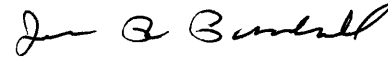
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Ms. Susan Zacker  
February 17, 2004  
Page 5 of 5

Transportation, Inc.

We trust this information will permit you to finish your review of this matter.

Very truly yours,



James R. Paschall

Enclosures

✓cc: Ms. Victoria A. Rutson, Chief  
Section of Environmental Analysis  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423

w/copies of pertinent sections of USGS map, 8 1/2 by 14 map, and photos of old Bethlehem Steel headquarters building.



Norfolk Southern Corporation  
Law Department  
Three Commercial Place  
Norfolk, Virginia 23510-9241

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February 17, 2004

via Airborne Express

Ms. Susan Zacker  
Bureau for Historic Preservation  
Pennsylvania Historical and Museum Commission  
Commonwealth Keystone Building  
400 North Street, 2d Floor  
Harrisburg, PA 17120-0093

Re: Your File: ER 04-0735-095-A  
STB Docket No. AB-859 (Sub-No. 1X), Pennsylvania Lines LLC –  
Abandonment Exemption – in Northampton County, PA; STB Docket No.  
AB-290 (Sub-No. 245X), Norfolk Southern Railway Company – Discontinuance  
of Service Exemption – in Northampton County, PA (between Hellertown and  
Bethlehem, PA)

Dear Ms. Zacker:

This responds to Mr. Kurt W. Carr's January 21, 2004 letter to me on this matter.

Two copies of the two pertinent U.S.G.S. quadrangle maps, with the line to be abandoned pursuant to the exemption in this proceeding highlighted, are enclosed. The line is in the upper left-hand corner of the Hellertown, PA (5965 III NE Nazareth) map and the upper right-hand corner of the Allentown East, PA (5965 III NW Catasauqua) map.

Mr. Carr asked us to address "any use by this line or relation of this line to the former Bethlehem Steel Corporation."

The subject former Conrail line was owned by the North Pennsylvania Railroad Company, from the time of its construction in 1855-57 until the formation of Conrail on April 1, 1976. The North Pennsylvania was leased to and operated by the Reading Company from April 1, 1879 until the Reading became part of Conrail. This line did not connect to any trackage within the Bethlehem Steel complex itself. To the extent any Bethlehem Steel traffic was routed over the line, it was interchanged to the Reading by Bethlehem Steel's in-house railroad, the Philadelphia, Bethlehem & New England Railroad, which operated in

and around the plant complex. Also enclosed are two copies of an 8 ½ by 14 page (which is comprised of the two parts of the U.S.G.S. maps showing the subject rail line) that are color coded to show the line to be abandoned in relation to other lines around the old Bethlehem Steel complex at Bethlehem, PA.

Bethlehem Steel was much more closely associated with the Lehigh Valley Railroad Company than with the Reading Company. Train schedules on internet sites suggest that over the years, much more of the steel company's rail traffic moved over lines to the east, west and north of Bethlehem. Many of the locations of the raw materials used by Bethlehem Steel, including anthracite, bituminous coal, coke, limestone and iron ore, and many important destinations for its finished products, including New York and the Great Lakes area, made the Lehigh Valley Railroad line, in particular, of greater importance to the company. Also, as I shall note, key officials of the Lehigh Valley Railroad were closely associated with Bethlehem Steel in its early days. In addition to rails, building material and other fabricated steel products, Bethlehem Steel also produced a considerable amount of armored plate and war material, especially during the period of the two World Wars. At times, some iron ore shipments moving through Port Richmond at Philadelphia to Bethlehem would have used the Philadelphia-Bethlehem line. Some finished steel product no doubt moved over the Bethlehem-Philadelphia line but detailed information about such traffic is not available. It is easy to find some train schedules from the middle of the 20th Century which show that many more freight trains moved on the Lehigh Valley line than on the North Pennsylvania (Reading) line. By the time the northeastern railroads were combined into Consolidated Rail Corporation, April 1, 1976, the Bethlehem Steel traffic was moving almost exclusively over the old Lehigh Valley line.

Bethlehem Steel developed from a business that was started in the early 1860s by the owner and builder of the Lehigh Valley Railroad (originally named the Delaware, Lehigh, Schuylkill & Susquehanna Railroad), Asa Packer and Robert Sayre, respectively. They recruited a noted ironmaster, John Fritz, to run the Bethlehem Iron Company, which they located at a junction of the Lehigh Valley Railroad and North Pennsylvania Railroad along the south bank of the Lehigh River in Bethlehem, PA. They also moved the Lehigh Valley Railroad Company headquarters to Bethlehem.

The directors of the Lehigh Valley Railroad Company decided that the railroad needed its own mill to make rails. They wished to avoid dependence on other producers, such as the Lackawanna mill that was controlled by another railroad, the Delaware, Lackawanna and Western. On April 8, 1857, Augustus Wolle, a Bethlehem merchant, formed the Saucona Iron Company. Mr. Packer and Mr. Sayre were among investors who subscribed to the stock. The railroad officials' involvement with the new iron company ensured that the company, reorganized two years later as the Bethlehem Rolling Mill & Iron Company, would have the financial backing to build its mill. It also meant that the mill would

be run by the best person they could find for the job, John Fritz.

The original Bethlehem Iron mill was located on 11 acres south of the Lehigh Valley Railroad tracks, and on 6 acres north of the tracks. The mill was between Lehigh Zinc on the west and farmland on the east. The mill was built with hard rock, slate roofs and iron trusses to protect against the destructive fires that devastated mills principally made of wood. Mr. Fritz had the resources of the Lehigh Valley Railroad available to him as he worked to complete the construction of the mill.

In 1861, Bethlehem Rolling Mill & Iron Company was reorganized as the Bethlehem Iron Company. Most of its directors worked for the Lehigh Valley Railroad or owned stock in it. Mr. Packer took a great interest in the enterprise. However, construction of the mill was delayed due to shortages of material at the outset of the Civil War and by flooding in 1862. The first furnace was put in blast in January 1863. In September of that year, the mill rolled its first iron rails.

At about this time, the British began using steel to make rails. Mr. Sayre concluded that the much more durable steel soon would replace iron-wrought rails. Yet, Bethlehem Iron was the only one of the several iron works in the Lehigh Valley to get into steel production. The other iron works did not have the financial resources to make the expensive conversion to the Bessemer process to make steel. Bethlehem Iron would have to build another plant and triple the size of its work force to make Bessemer steel. The other iron works at Bethlehem were small pig-iron producers that could not make this investment, but Bethlehem Iron Company had access to the financial resources of the Lehigh Valley Railroad. The same people, Mr. Packer, Mr. Sayre and others such as Elisha P. Wilbur and Garrett Linderman, controlled both companies and major banks in the area. In 1868, the directors of Bethlehem Iron committed the company to making steel.

Before building the new steel-making plant, Mr. Fritz visited the first commercially successful steel mill in the United States, the Pennsylvania Steel Company plant in Steelton, along the Susquehanna River just south of Harrisburg. He also visited European mills that used the Bessemer process. Thereafter, Mr. Fritz erected a steel mill on the Bethlehem Iron site in South Bethlehem, PA, across the Lehigh Valley Railroad tracks from the iron mill. The steel plant, which was completed in five years, was a masterpiece of design and the technology of the time. The main stem was 931 feet long and 111 feet wide. Each of the two sections that cross the stem was 111 feet wide and 386 feet long. As the plant began to produce its first steel rails, a severe economic recession, The Panic of 1873, resulted in the bankruptcy of the Lehigh Valley area's iron furnaces. Because of its support by the Lehigh Valley Railroad, however, Bethlehem Iron survived and became recognized across the country for its high productivity and high quality steel rails.

Near the end of the century, the depression of 1893-97 undermined both the Lehigh Valley Railroad's and its officers' and directors' finances. Control of the railroad passed from these directors to banker J. Pierpont Morgan. Mr. Sayre stayed on the board of Bethlehem Iron Company. In the spring of 1899, he and other major stockholders, including several that were connected with the railroad, reorganized and expanded Bethlehem Iron as Bethlehem Steel Company. Bethlehem Steel Company, which controlled the Bethlehem Iron Company, was organized as a holding company with a larger capitalization than the iron company previously had.

In August 1901, Vickers Steel, a British company, offered to buy Bethlehem Steel. This bid led U.S. Steel President Charles M. Schwab, who wished to have greater control of his company and to keep Bethlehem Steel under American control, to buy Bethlehem Steel and move to that company to take over its management. Mr. Schwab's purchase of Bethlehem Steel ended the close association of the persons with Lehigh Valley Railroad interests with Bethlehem Steel Company. On December 10, 1904, Bethlehem Steel Corporation, a holding company for the Bethlehem Steel Company and the recently bankrupt U.S. Shipbuilding, was formed. While the railroad officials control of Bethlehem Steel Company may have ended, the Lehigh Valley Railroad remained favorably located at the site of Bethlehem Steel's Bethlehem, PA facilities. The origin or destination for most of Bethlehem Steel's traffic still favored the Lehigh Valley Railroad line as the preferred route of movement for that traffic.

Two photocopies of photographs showing the former headquarters building of Bethlehem Steel Corporation as viewed from the track and the view down the track looking East from Pierce Street are enclosed. We are unaware of any special significance to or relation to the railroad because of the location of this office building near the line.


The subject line is the last remaining segment of a line between Philadelphia, PA and Bethlehem, PA that was part of the Reading Company system. It is located between Milepost EK-53.0 at Hellertown, PA and Milepost EK-56.7 at Bethlehem, PA in Northampton County, PA. Most of the line previously was conveyed by Conrail, to the Southeastern Pennsylvania Transportation Authority (SEPTA), primarily for use in providing commuter rail passenger service. SEPTA was given the right of first refusal to acquire this line segment when PRR and NSR decided to abandon it, but declined to acquire it. SEPTA has had an interest in much of the Philadelphia-Bethlehem right-of-way, through lease since at least 1973 and through its later purchases of most of the line in 1990-1992. Conrail re-routed the freight traffic that remained on this line to the old Lehigh Valley line, probably to avoid overlapping operations with SEPTA. The Lehigh Valley line and other Conrail lines in the area were able to provide the freight service that was required by Bethlehem Steel. Bethlehem Steel's Bethlehem, PA operation closed in 1998, just before Conrail came under the control of Norfolk Southern Railway Company and CSX

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Washington, DC 20423

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Bethlehem Steel headquarters building.



Buchanan St. Former corporate offices Bethlehem Steel



Pierce St viewing East direction

5965 (11 NW)  
(CATASAUQUA)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

75°22'30"  
40°37'30"

NAZARETH 9 MI.  
4 MI. TO INTERSTATE 78 & U.S. 22

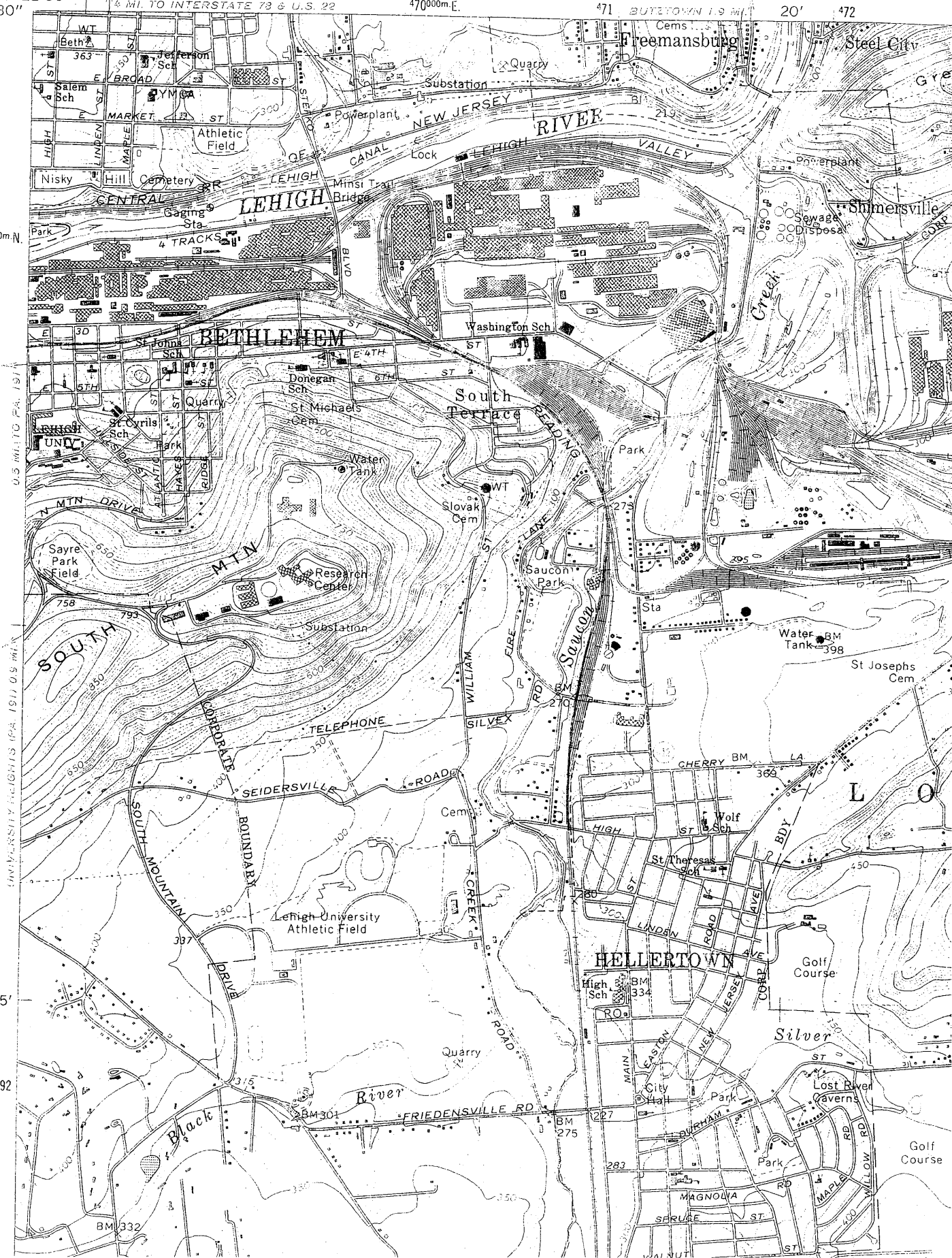
470000m E.

471 BUTETOWN 1.9 MI.

20'

472

4496000m N.



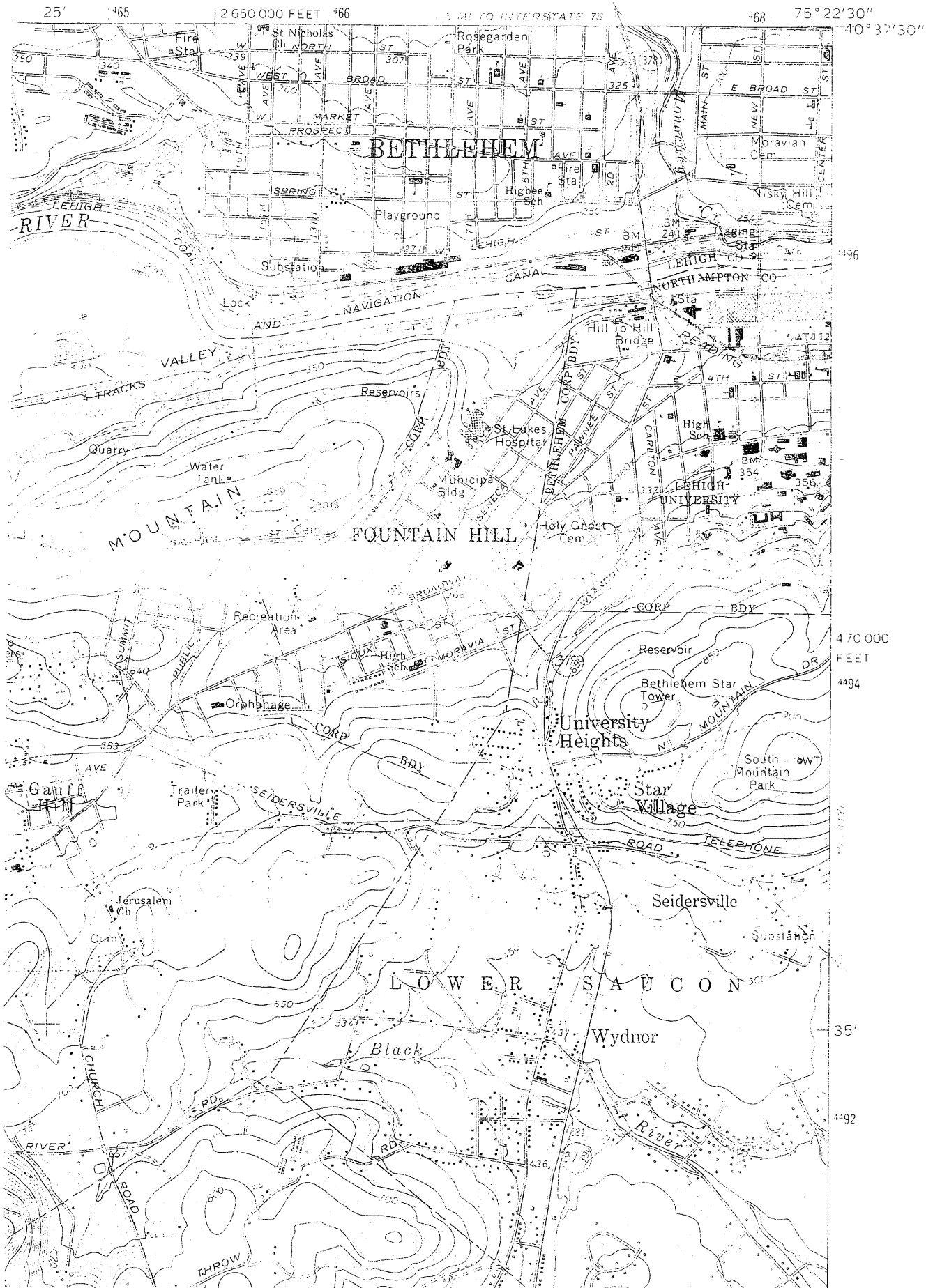


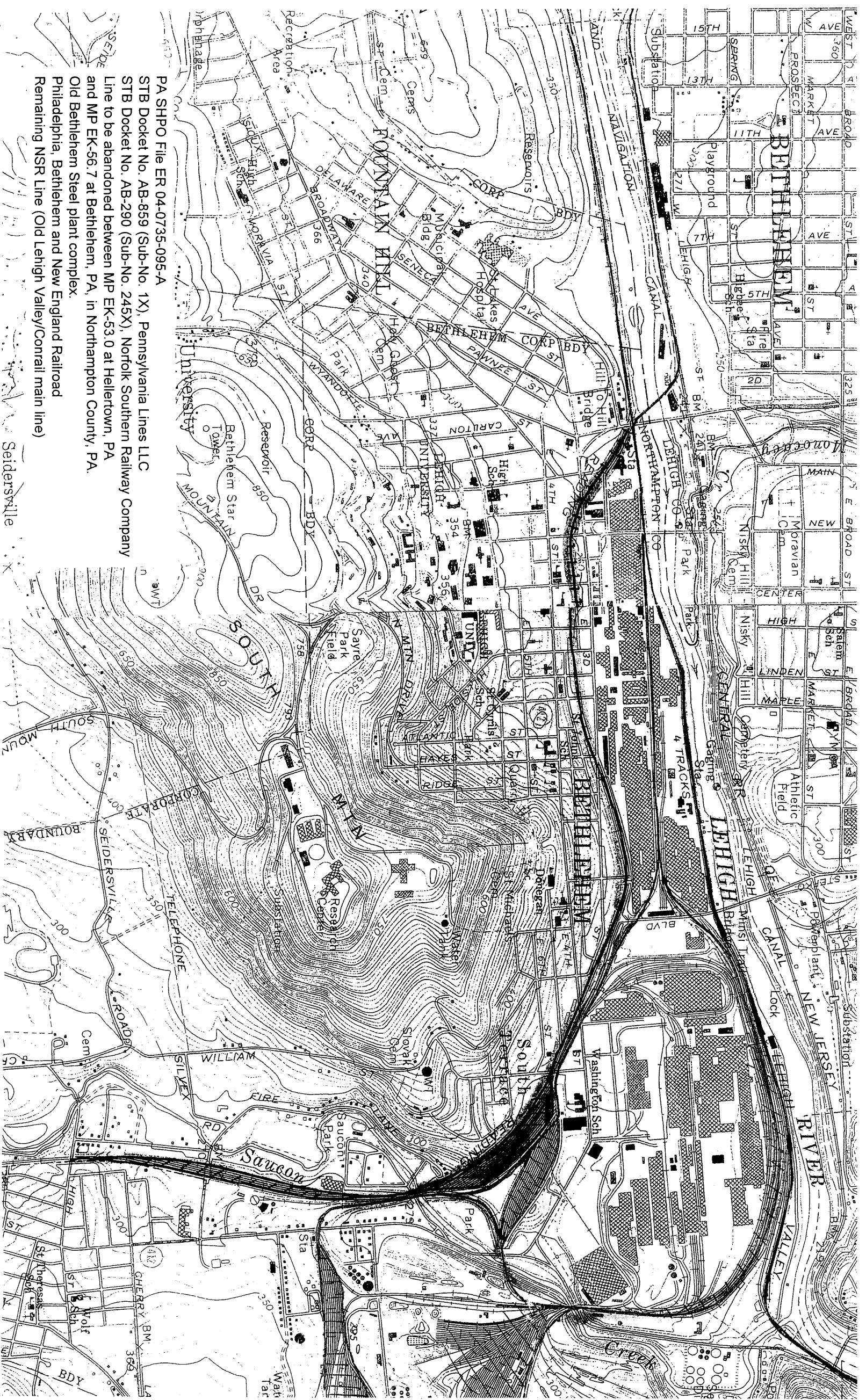
ALLENTOWN EAST QUADRANGLE  
PENNSYLVANIA

7.5 MINUTE SERIES (TOPOGRAPHIC)

SW/4 ALLENTOWN 15' QUADRANGLE

5905 III NE  
(NAZARETH)





PA SHPO File ER 04-0735-095-A  
STB Docket No. AB-659 (Sub-No. 1X), Pennsylvania Lines LLC  
STB Docket No. AB-290 (Sub-No. 245X), Norfolk Southern Railway Company  
Line to be abandoned between MP EK-53.0 at Hellertown, PA  
and MP EK-56.7 at Bethlehem, PA, in Northampton County, PA.  
Old Bethlehem Steel plant complex.  
Philadelphia, Bethlehem and New England Railroad  
Remaining NSR Line (Old Lehigh Valley/Conrail main line)

Seidersville